

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS & ENERGY**

The Berkshire Gas Company

DTE 02-19

THE ATTORNEY GENERAL'S FIRST SET OF INFORMATION REQUESTS

- AG-1-1 How much was Berkshire paid by third party asset manger(s) for the use of the Company's gas portfolio for the years 1999 and 2000.
- AG-1-2 How much was Berkshire paid under the Gas Portfolio Optimization Agreement approved in DTE 01-41 for 2001? How much would Berkshire have been paid under the Gas Portfolio Optimization Agreement 2002 had Berkshire renewed the agreement?
- AG-1-3 Please quantify on a monthly basis and describe how the costs and benefits were distributed under the Gas Portfolio Optimization Agreement approved in DTE 01-41 among the Energy East Affiliates, including Berkshire. With this response include all assumptions, worksheets, transaction journal entries and copies of all related written and electronic correspondence.
- AG-1-4 Please quantify on a monthly basis and describe how the allocation of the costs and benefits listed in response to AG-1-3 were affected by any affiliate agreements or transactions among the Energy East Affiliates. With this response include all assumptions, worksheets, invoices and related affiliate contracts, including but not limited to affiliate services agreements.
- AG-1-5 Please explain in complete detail how the use of mark-to-market accounting influenced the calculation of costs and benefits for Berkshire under the Gas Portfolio Optimization Agreement approved in DTE 01-41.
- AG-1-6 Does the proposed alliance arrangement described in the April 5, 2002, filing by the Company contain a guaranteed minimum payment to Berkshire for the use of the Company's gas portfolio? If yes, please state the annual minimum payment amount for 2002, and explain with specific reference to clauses in the Gas Portfolio Optimization Agreement and any other affiliate contracts or agreements, how this figure will be calculated. For purposes of the response to this information request, exclude any amounts from the guaranteed minimum payment that may become due to the Company as result of "savings," as that term is defined by § 1.51 of the Gas Portfolio Optimization Agreement.

- AG-1-7 Can the annual minimum payment amount, if any, described in the response to AG-1-6 ever be reduced for any reason, including, for purposes of illustration rather than limitation, losses due to management of Berkshire's gas portfolio?
- AG-1-8 Are there any financial or other benefits that may accrue to either to Berkshire or to the other members of the alliance arrangement, or their affiliates, that are not included within the definition of "savings," as that term is defined by § 1.51 of the Gas Portfolio Optimization Agreement? If so, please list the benefits by alliance member or affiliate.
- AG-1-9 Does the term "portfolio" as defined by § 1.47 of the Gas Portfolio Optimization Agreement constitute a complete list of agreements related to gas transportation, storage and supply that Berkshire holds, owns, controls or otherwise has a beneficial interest in? Please list any other agreements, if they exist.
- AG-1-10 Please explain in complete detail how the dollar amounts were determined for "participating share," "benchmark", "aggregate minimum savings" and "aggregate savings sharing level" as those terms are define respectively in §§ 1.42, 1.6, 1.3, 1.4 of the Gas Portfolio Optimization Agreement. Include in the explanation all assumptions, calculations, studies, reports and work papers.
- AG-1-11 Please list the liabilities, including those liabilities for which Berkshire must indemnify the BP Energy Company and/or others under § 15.1(ccc) of the Gas Portfolio Optimization Agreement, which may result from the operation of the alliance arrangement. Include in this response potential liabilities that may result from the Berkshire Gas Company's Derivative Policy, attached as Exhibit B-3 to the Gas Portfolio Optimization Agreement.
- AG-1-12 Please explain in compete detail how the Energy East Corporation may benefit from the operation of the alliance arrangement and any related services contracts with any of its affiliates. Does the Energy East Corporation maintain any control or influence over Berkshire's gas portfolio optimization transactions? Please explain the nature of this influence or control.
- AG-1-13 Will Berkshire, or some other entity on its behalf, coordinated its portfolio optimization transactions with the New York State Electric & Gas Corporation, Connecticut Natural Gas Corporation and/or the Southern Connecticut Gas Company? Please explain how the portfolio optimization transactions will be coordinated and whether these transactions will ever financially benefit the New York State Electric & Gas Corporation, Connecticut Natural Gas Corporation and/or the Southern Connecticut Gas Company at the expense of Berkshire.
- AG-1-14 Please explain in compete detail how the New York State Electric & Gas Corporation, Connecticut Natural Gas Corporation and the Southern Connecticut Gas Company may benefit from the operation of the alliance arrangement and any

related services contract. Can any of these companies exercise any control or influence over Berkshire's gas portfolio optimization transactions? Please explain the nature of this influence or control.

- AG-1-15 Please produce copies of all documents relating to the request for proposals ("RFP") for the "Berkshire RFP" and the "Joint RFP", as those terms are defined in the Company's April 5, 2002 filing letter. Include in this response copies of all the initial request letter(s) sent to each bidder, any updates, modification or amendments to the RFPs and any responses sent by the RFP recipients. Include in this response all evaluations, studies, reports and work papers related to the RFP responses.
- AG-1-16 Discuss in detail how each of the RFP respondents were evaluated by Berkshire, and the other Energy East Affiliates.
- AG-1-17 Please explain the criterion used to create the list of recipients for the Berkshire RFP and the Joint RFP, as those terms are defined in the Company's April 5, 2002 filing letter.
- AG-1-18 Explain in complete detail why Berkshire and the other Energy East Affiliates terminated negotiations with BP Energy regarding renewing or modify the 2001 gas portfolio optimization agreement that was approved in DTE 01-41. Please include in this response all correspondence, e-mails and other documents related to the negotiations.
- AG-1-19 Please produce copies of any agreements between Berkshire, Energy East Corporation, BP Energy Company, New York State Electric & Gas Corporation, Connecticut Natural Gas Corporation and/or the Southern Connecticut Gas Company (or any combination of these companies) regarding the management or optimization of gas portfolios. Include in this response copies of the gas portfolio optimization agreements of the named Energy East Corporation affiliates and any agreements concerning gas portfolio management that may exist among or between the affiliates themselves.
- AG-1-20 Please explain how Berkshire intends to fulfill its obligation to provide least cost and reliable service in light of § 2.7 of the Gas Portfolio Optimization Agreement and Articles IV and V of the Gas Sales and Purchase Agreement?
- AG-1-21 Please describe in complete detail all policies, formulas or criteria related to §3 of the Allocation Agreement. Include in this response all written documentation related to the policies, formulas or criteria.
- AG-1-22 Please provide copies of all documents related to §2(a)-(e) of the Netting Agreement.

DATED: April 12, 2002